

# UTAH COUNTIES INDEMNITY POOL

## BOARD OF TRUSTEES MEETING

Thursday, November 14, 2013 7:00 p.m.

Benja's Thai Garden, 435 North 1680 East #14, St. George, UT

## AGENDA

6:00 Dinner Provided

7:00 Call to Order Bruce Adams

---

### ITEM ACTION

- |    |  |                             |
|----|--|-----------------------------|
| 1  | Review/Excuse Board Members Absent   | Bruce Adams                 |
| 2  | Zions Wealth Management Report   | Greg Aiken, Scott Burnett   |
| 3  | Approve September 19, 2013 Meeting Minutes   | Karla Johnson               |
| 4  | Appoint Trustees to Committees of the Board  | Bruce Adams                 |
| 5  | Ratification and Approval of Payments and Credit Card Transactions   | Karla Johnson               |
| 6  | Review/Approve Third Quarter Financial Statements  | Sonya White                 |
| 7  | Review/Approve Workers Compensation Fund Report  | Johnnie Miller              |
| 8  | Review/Approve 2014 Tentative Budget   | Johnnie Miller, Sonya White |
| 9  | Review/Approve Governance Documents  | Johnnie Miller              |
| 10 | Set Date and Time for Closed Meeting<br>to Discuss Character, Professional Competence, Physical/Mental Health of an Individual | Bruce Adams                 |
| 11 | Action on Personnel Matters  | Bruce Adams                 |
| 12 | Set Date and Time for Closed Meeting<br>to Discuss Pending or Reasonably Imminent Litigation                                   | Bruce Adams                 |
| 13 | Action on Litigation Matters   | David Blackwell             |

---

### INFORMATION

- |    |                                  |                |
|----|----------------------------------|----------------|
| 14 | Nominating Committee Report      | Jim Eardley    |
| 15 | Review Membership Meeting Agenda | Johnnie Miller |
| 16 | Chief Executive Officer's Report | Johnnie Miller |
| 17 | Other Business                   | Bruce Adams    |

---

Electronic Meeting Notice: 888-447-7153, Participant Passcode: 2261240

PO Box 95730, South Jordan, UT 84095-0730  
Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ [ucip.utah.gov](http://ucip.utah.gov)



# Public Meeting Notice Admin

- [Help](#)
- [Log Out](#)

Welcome to the Public Notice Website: Your central source for all public notice information in Utah

## **Notice Added Successfully [View notice](#)**

Your notice has been created successfully.

Notice Title:

Board of Trustees Meeting

Government Type:

Special Districts

Entity:

Utah Counties Indemnity Pool

Public Body Name:

Board of Trustees

Notice Subject:

Administrative Services

Notice Type:

Meeting

Street Address:

435 N 1680 E #14

Street Address continued:

City:

St. George

Zip:

84770

Start Date:

11/14/13 7:00 PM

End Date:

11/14/13 9:00 PM

Description / Agenda:

Call to Order

Review/Excuse Board Members Absent

Zions Wealth Management Report

Approve September 19, 2013 Meeting Minutes

Appoint Trustees to Committees of the Board

Ratification and Approval of Payments and Credit Card Transactions  
Review/Approve Third Quarter Financial Statements  
Review/Approve Workers Compensation Fund Report  
Review/Approve 2014 Tentative Budget      Johnnie Miller, Sonya White  
Review/Approve Governance Documents  
Set Date and Time for Closed Meeting  
to Discuss Character, Professional Competence, Physical/Mental Health of an Individual  
Action on Personnel Matters  
Set Date and Time for Closed Meeting  
to Discuss Pending or Reasonably Imminent Litigation  
Action on Litigation Matters  
Nominating Committee Report  
Review Membership Meeting Agenda  
Chief Executive Officer's Report  
Other Business

ADA:

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah Counties Indemnity Pool, PO Box 95730, South Jordan, UT 84095 or call 800-339-4070, at least three days prior to the meeting.

Electronic Participation:

Any Member of the Utah Counties Indemnity Pool Board of Trustees may participate telephonically.

Other:

Emergency Notice:

No

Send copy of notice to:

naclegal@mediaoneutah.com

Audio File Location:

Attachments:

There are attachments associated with this notice.

[Back to main page](#)

## Public Notices

### Notices

- [Dashboard](#)
- [Add](#)
- [Search](#)
- [Drafts](#)
- [Published](#)





## BOARD OF TRUSTEES' MEETING MINUTES

November 14, 2013, 7:00 p.m.

Benja's Thai Garden  
435 North 1680 East, St. George, UT

### **BOARD MEMBERS PRESENT**

Bruce Adams, *President*, San Juan County Commissioner  
Jim Eardley, *Vice President*, Washington County Commissioner  
Alma Adams, Iron County Commissioner  
David Blackwell, Emery County Attorney  
Bill Cox, Rich County Commissioner  
Brad Dee, Weber County Human Resources Director  
Kerry Gibson, Weber County Commissioner  
Karla Johnson, Kane County Clerk/Auditor  
Bret Millburn, Davis County Commissioner  
Alden Orme, Juab County Sheriff  
Seth Oveson, Carbon County Clerk/Auditor

### **BOARD MEMBERS ABSENT**

Jerry Hurst, Tooele County Commissioner  
Mike Wilkins, Uintah County Clerk/Auditor

### **OTHERS PRESENT**

Johnnie Miller, UCIP Chief Executive Officer  
Sonya White, UCIP Chief Financial Officer  
Brett Rich, Nielsen & Senior  
Greg Aiken, Zions Wealth Management

### **Call to Order**

Bruce Adams called this meeting, of the Utah Counties Indemnity Pool's Board of Trustees, to order at 7:00 p.m. on November 14, 2013 and welcomed those in attendance.

### **Review/Excuse Board Members Absent**

Karla Johnson made a motion to excuse Jerry Hurst and Mike Wilkins from this meeting. Alma Adams seconded the motion, which passed unanimously.

### **Zions Wealth Management Report**

Greg Aiken provided the Board with the third quarter Balance Classification, Risk Summary charts, the annual Earned Interest Comparison and a copy of the November *Heard Off The Street* publication (see attachment number one). Greg reported that investors are finding an orderly lessening of quantitative easing but purchases seem to be purposely being kept short-term even with rates around 2.6. In comparing the quarter ending October 31, 2013, Zions Wealth Advisors rate of .84% continues to outperform the Public Treasurers' Investment Fund (PTIF) rate of .51%, which is an approximate difference of \$8,656 in interest earned. Brad Dee made a motion to accept the report as presented. Bill Cox seconded the motion, which passed unanimously.

### **Review/ Approve September 19, 2013 Meeting Minutes**

The minutes, of the Board of Trustees meeting held September 19, 2013, were previously sent to the Board Members for review (see attachment number two). Bill Cox made a motion to approve the September 19, 2013 meeting minutes as written. Brad Dee seconded the motion, which passed unanimously.

---

## UTAH COUNTIES INDEMNITY POOL

PO Box 95730, South Jordan, UT 84095-0730

Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ [ucip.utah.gov](http://ucip.utah.gov)

#### **Appoint Trustees to Committees of the Board**

The Board reviewed vacancies on the Standing Committees (see attachment number three). Bret Millburn made a motion to appoint Karla Johnson and Seth Oveson to the Audit Committee. Alma Adams seconded the motion, which passed unanimously. Bret Millburn made a motion to appoint Alma Adams and Alden Orme to the Governance Committee. Karla Johnson seconded the motion, which passed unanimously. Brad Dee made a motion to appoint Bill Cox to the Personnel Committee of the Board. Dave Blackwell seconded the motion, which passed unanimously. The Chair of each of the Committees of the Members will provide a name to replace those vacancies at the next Board meeting.

#### **Ratification and Approval of Payments and Credit Card Transactions**

The payments made, the payments to be made and the credit card transactions were reviewed by the Board (see attachment number four). Karla Johnson made a motion to approve the payments made, the payments to be made and the credit card transactions. Jim Eardley seconded the motion, which passed unanimously.

#### **Review/Approve Third Quarter Financial Statements**

The draft third quarter financial statements were previously sent to the Board Members for review (see attachment number five). Sonya White reported that the total liabilities and net position of the Pool are \$14,427,709 at the end of the third quarter. Loss reserves increased \$298,401 making losses paid and reserved at 116% of budget for the third quarter. With the year 75% complete, administrative expenses remain under budget at 61%. Sonya White explained that the new GASB Pension requirements will have a significant effect on the Pool's net position. MacRay Curtis has roughly estimated the expense to the Pool at approximately \$92,000. The Utah Retirement Systems will have preliminary numbers by spring of 2014. The Pool will budget this expense in 2015. Bill Cox made a motion to approve the third quarter 2013 financial statements as prepared and presented. Kerry Gibson seconded the motion, which passed unanimously.

#### **Review/Approve Workers Compensation Fund Report**

Johnnie Miller provided the Board with a copy of the historical payroll, the experience modification percentages and annual premiums, including the 2014 premiums, by County (see attachment number six). Although the National Council on Compensation Insurance (NCCI) had a small increase in rates, the Workers Compensation Fund has tried to keep rates stable with only an approximate one percent increase over last year for Pool Members. For members that experience a premium increase, Johnnie Miller will meet with them to review payroll and losses. Staff will be providing a quote to Carbon, Uintah and Wasatch Counties for membership in the 2014 program.

#### **Review/Approve 2014 Tentative Budget**

Johnnie Miller reviewed the 2014 tentative budget with the Board (see attachment number seven). The Board approved a preliminary budget mid-year for the actuarial rate analysis. Based on the preliminary numbers, the Board approved rates at a 53.2% confidence level. The tentative budget shows the impact when members leave the Pool. Losses and Loss Adjustment Expenses budgeted are an average of the actual last three years. Staff will work to reduce Administrative Expenses by seven percent. Rates have not been increased since 2010 even though additional limits and coverages have been added. The Board realizes that rates will need to be increased in 2015 to continue the financial strength of the Pool. Jim Eardley made a motion to approve the tentative 2014 budget as presented. Bill Cox seconded the motion, which passed unanimously. A public hearing will be held December 19 to review the tentative budget prior to adopting the final 2014 budget.

#### **Review/Approve Governance Documents**

Pursuant to direction by the Board at the September 19, 2013 Board meeting, Johnnie Miller and Brett Rich further researched amendments to the Interlocal Cooperation Agreement. Brett explained that Utah Courts will interpret any agreement as a contract. The Interlocal will be easier to defend if the members are more involved in the drafting of the Agreement. Section 11 of the Interlocal may better serve the members if language included payment of claims, for terminating members, only to the extent of the amount of the case reserves as of the date of notice of termination. David Blackwell made a motion authorizing Johnnie Miller and Brett Rich to draft language for the Interlocal Cooperation Agreement to the effect that UCIP is only obligated to pay claims up to the amount reserved at time of notice. Kerry seconded the motion which passed; Brad Dee and Jim Eardley voted against the motion.

#### **Set Date and Time for Closed Meeting**

Kerry Gibson made a motion to set the date and time for a closed meeting to discuss character, professional competence, physical/mental health of an individual for November 14, 2013 at 8:35 p.m. Seth Oveson seconded the motion, which passed unanimously. Board Members present at the closed meeting were: Bruce Adams, Jim Eardley, Alma Adams, David Blackwell, Bill Cox, Brad Dee, Kerry Gibson, Karla Johnson, Bret Millburn, Alden Orme and Seth Oveson. Also present were: Johnnie Miller and Brett Rich.

The regular meeting resumed at 8:50 p.m. on November 14, 2013.

#### **Action on Personnel Matters**

Jim Eardley made a motion to strike agenda item: *Action on Personnel Matters*. David Blackwell seconded the motion, which passed unanimously.

#### **Set Date and Time for Closed Meeting**

Jim Eardley made a motion to strike agenda item: *Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. David Blackwell seconded the motion, which passed unanimously.

#### **Action on Litigation Matters**

Jim Eardley made a motion to strike agenda item: *Action on Litigation Matters*. David Blackwell seconded the motion, which passed unanimously.

#### **Nominating Committee Report**

Jim Eardley reported that the Nominating Committee met to review the nominees for available Trustee positions. Alma Adams, At-Large, will be running unopposed. Ryan Tingey and Michael Wilkins will be running for the Third Class Counties position (four-year term). Seth Oveson and Ron Winterton will be running for the Fourth Class Counties position (filling an unexpired term through 2014). Bill Cox and Logan Wilde will be running for the Fifth-Sixth Class Counties position (filling an unexpired term through 2015). The Nominating Committee recommends to the Board that the term for the Fifth-Sixth Class Counties representative expire in 2015; it is currently due to expire at the end of 2014. The membership will vote for their representative at the December 5, annual meeting of the members. Bret Millburn made a motion to change the expiration of the Fifth-Sixth Class Counties representative's term to 2015 and accept the nominees to be put on the ballot for vote at the December 5 annual meeting. Kerry Gibson seconded the motion, which passed unanimously.

#### **Review Membership Meeting Agenda**

The Board reviewed the agenda and discussed assignments for the upcoming annual Meeting of the Members, December 5, 2013 (see attachment number nine).

#### **Chief Executive Officer's Report**


Johnnie Miller reported that Tooele County did not want to take advantage of an early withdrawal (see attachment number ten).

Johnnie Miller reported that staff attended the annual County Reinsurance Limited (CRL) training in Las Vegas. Johnnie has been asked to accompany CRL for property negotiations with Lloyds of London in February.

#### **Other Business**

The next meeting of the Board of Trustees will be held Thursday, December 19, 2013, 12:30 p.m. at the UCIP Offices, 10980 S. Jordan Gateway, South Jordan, Utah.

Approved on this 14 day of November 2013



Karla Johnson, Secretary/Treasurer



---

**ZIONS<sup>®</sup> Wealth Advisors**





## Balance Sheet Classification (ZWA-UCIP)

11/11/2013

Dated: 11/12/2013

## Cash Equivalent (1)

Cusip/ISIN	Description	Curr Face	Sector	Rating	Coupon	Maturity	Eff Maturity	Pur Yield	Yield	Orig Cost	Amort Cost	Unreal G/L	Price	Acct Int	Fair Value	Mkt Value
654080001	UT St Treasurer's Public Inv Pool A	95,797.95	Cash	NANA/NA	0.000	--	--	0.000	0.000	95,797.95	95,797.95	0.00	1.000	0.00	95,797.95	95,797.95
--	--	95,797.95	--	--	--	--	--	0.000	0.000	95,797.95	95,797.95	0.00	--	0.00	95,797.95	95,797.95

4.66%

95,797.95

## Marketable Securities (23)

Cusip/ISIN	Description	Curr Face	Sector	Rating	Coupon	Maturity	Eff Maturity	Pur Yield	Yield	Orig Cost	Amort Cost	Unreal G/L	Price	Acct Int	Fair Value	Mkt Value
06051GEF2	BANK OF AMERICA CORP	100,000.00	Financial	A-/Baa2/A	1.656	01/30/2014	01/30/2014	0.997	0.936	100,925.00	100,146.83	15.17	100.164	59.79	100,164.00	100,223.79
1730TDMC0	CITIGROUP INC	100,000.00	Financial	A-/Baa2/A	0.998	04/01/2016	04/01/2016	1.046	1.638	99,888.00	99,888.77	-1,383.77	98.505	113.70	98,505.00	98,616.70
313383HX2	FEDERAL HOME LOAN BANK	50,000.00	Agency	AA+/Aaa/AAA*	1.625	06/19/2018	06/19/2018	1.625	1.682	50,000.00	50,000.00	-125.00	99.750	322.74	49,875.00	50,197.74
313383JAO	FEDERAL HOME LOAN BANK	50,000.00	Agency	AA+/Aaa/AAA*	1.125	06/26/2017	06/26/2017	1.125	1.158	50,000.00	50,000.00	-58.50	99.883	212.50	49,941.50	50,154.00
313383LN9	FEDERAL HOME LOAN BANK	100,000.00	Agency	AA+/Aaa/AAA*	1.800	08/26/2018	11/26/2013	1.800	0.286	100,000.00	100,000.00	63.00	100.063	680.00	100,063.00	100,743.00
3133ECUG7	FEDERAL FARM CREDIT BANK	100,000.00	Agency	AA+/Aaa/AAA	1.480	07/17/2017	07/17/2014	1.501	0.329	99,920.00	99,926.25	858.75	100.785	472.78	100,785.00	101,257.78
3133ECWK6	FEDERAL FARM CREDIT BANK	100,000.00	Agency	AA+/Aaa/AAA	1.330	09/07/2017	08/07/2014	1.355	0.346	99,900.00	99,906.43	818.57	100.725	350.97	100,725.00	101,075.97
3134G4T67	FREDDIE MAC	50,000.00	Agency	AA+/Aaa/AAA	1.400	06/26/2018	06/26/2018	1.410	1.689	49,975.00	49,976.64	-618.34	98.717	264.44	49,358.50	49,622.94
3134G4TM4	FREDDIE MAC	50,000.00	Agency	AA+/Aaa/AAA	1.500	06/26/2018	06/26/2018	1.500	1.689	50,000.00	50,000.00	-419.50	99.161	283.33	49,580.50	49,863.83
3134G4QM8	FREDDIE MAC	100,000.00	Agency	AA+/Aaa/AAA	1.250	01/24/2017	01/24/2014	1.250	0.262	100,000.00	100,000.00	200.00	100.200	375.00	100,200.00	100,575.00
3134G4ES3	FREDDIE MAC	100,000.00	Agency	AA+/Aaa/AAA	1.750	09/20/2018	08/20/2014	1.750	1.439	100,000.00	100,000.00	238.00	100.238	398.61	100,238.00	100,636.61
3134G4FD5	FREDDIE MAC	100,000.00	Agency	AA+/Aaa/AAA	1.125	03/10/2017	09/10/2014	1.125	0.660	100,000.00	100,000.00	384.00	100.384	183.75	100,384.00	100,577.75
3136G1G8	FANNIE MAE	100,000.00	Agency	AA+/Aaa/AAA*	1.500	03/19/2018	03/19/2018	1.500	1.530	100,000.00	100,000.00	-125.00	99.875	220.83	99,875.00	100,095.83
3136G1QM4	FANNIE MAE	100,000.00	Agency	AA+/Aaa/AAA	1.125	01/30/2017	07/30/2014	1.125	0.684	100,000.00	100,000.00	316.00	100.316	318.75	100,316.00	100,634.75
3136G1QN2	FANNIE MAE	100,000.00	Agency	AA+/Aaa/AAA	1.200	01/30/2017	07/30/2014	1.200	0.264	100,000.00	100,000.00	205.00	100.205	340.00	100,205.00	100,545.00
3136G1S26	FANNIE MAE	100,000.00	Agency	AA+/Aaa/AAA	1.000	08/21/2018	02/21/2014	1.940	0.394	100,000.00	100,000.00	168.00	100.168	225.00	100,168.00	100,393.00
3136G1S91	FANNIE MAE	50,000.00	Agency	AA+/Aaa/AAA	1.500	11/28/2017	02/28/2014	1.500	0.651	50,000.00	50,000.00	126.00	100.252	154.17	50,126.00	50,280.17
3136G1VV8	FANNIE MAE	100,000.00	Agency	AA+/Aaa/AAA	1.250	12/27/2016	03/27/2014	1.250	0.291	100,000.00	100,000.00	362.00	100.362	156.25	100,362.00	100,518.25
3136G1WM7	FANNIE MAE	100,000.00	Agency	AA+/Aaa/AAA*	1.100	04/28/2017	04/28/2014	1.100	0.301	100,000.00	100,000.00	370.00	100.370	42.78	100,370.00	100,412.78
3686G4W1	GENERAL ELEC CAP CORP	100,000.00	Financial	AA+/A1/NR	1.093	01/07/2014	01/07/2014	1.518	-0.405	99,205.00	99,938.85	297.15	100.236	109.29	100,236.00	100,345.28
38143USB8	GOLDMAN SACHS GROUP INC	100,000.00	Financial	A-/A3/A	1.238	02/07/2014	02/07/2014	2.360	-0.098	97,842.00	99,742.46	583.54	100.326	17.19	100,326.00	100,343.19
449766AN2	ING BANK NV	50,000.00	Financial	A+/A2/A+	1.658	06/09/2014	06/09/2014	0.964	0.783	50,508.74	50,203.69	53.31	100.514	147.39	50,257.00	50,404.39
61748BDH6	MORGAN STANLEY	50,000.00	Financial	A-/Baa1/A	1.512	02/25/2016	02/25/2016	1.241	0.905	50,402.00	50,330.71	381.29	101.424	165.91	50,712.00	50,877.91
--	--	1,950,000.00	--	--	--	--	--	1,411	0.672	1,948,565.74	1,950,062.82	2,709.68	--	5,625.18	1,952,772.50	1,958,397.68

95.34%

1,958,397.68

## Summary

Total Orig Face / Shares	Total Curr Face / Shares	Yield	Purchase Yield	Total Orig Cost	Total Book Value	Total Amort Cost	Total Unreal G/L	Total Acct Int	Total Fair Value	Total Mkt Value
2,045,797.95	2,045,797.95	0.64	1.34	2,044,363.69	2,051,485.95	2,045,860.77	2,709.68	5,625.18	2,048,570.45	2,054,195.63

2,054,195.63





# ZIONS® Wealth Advisors

## UCIP

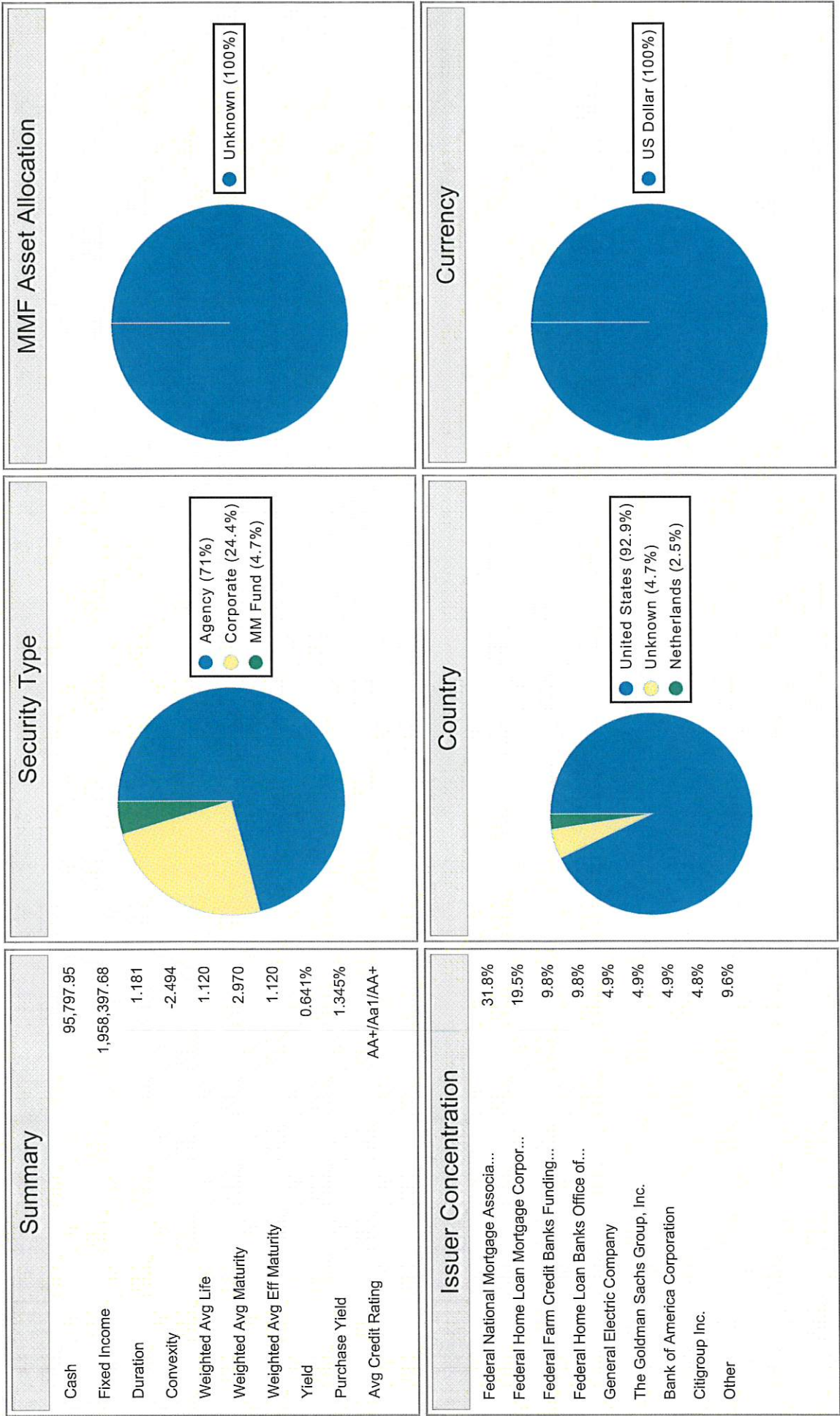
Approximate Earned Interest Comparison				Oct 2012 - Oct 2013	
DATE	Utah PTIF <sup>1</sup>	Account #8913870	Ave. Funds Invested <sup>3</sup>	Approx. Total Int. <sup>4</sup>	Approx. Diff. Interest <sup>5</sup>
10/31/12	0.73%	1.13%	\$2,036,006	\$1,985.53	\$705.67
11/30/12	0.71%	1.13%	\$2,037,240	\$1,918.40	\$713.03
12/31/12	0.68%	1.06%	\$2,037,827	\$1,868.68	\$675.42
01/31/13	0.64%	1.01%	\$2,039,417	\$1,767.76	\$643.81
02/28/13	0.60%	1.03%	\$2,040,481	\$1,637.83	\$685.60
03/31/13	0.57%	0.85%	\$2,041,101	\$1,502.58	\$507.77
04/30/13	0.52%	0.77%	\$2,042,080	\$1,303.36	\$414.71
05/31/13	0.48%	0.72%	\$2,043,214	\$1,263.27	\$418.75
06/30/13	0.50%	0.73%	\$2,043,336	\$1,242.18	\$394.68
07/31/13	0.50%	0.53%	\$2,044,682	\$936.52	\$48.25
08/31/13	0.49%	1.12%	\$2,043,360	\$1,977.57	\$1,116.44
09/30/13	0.51%	1.22%	\$2,046,294	\$2,072.72	\$1,210.70
10/31/13	0.51%	1.14%	\$2,050,249	\$2,013.54	\$1,121.06
<b>Totals</b>				<b>\$21,489.94</b>	<b>\$8,655.90</b>

<sup>1</sup> Utah PTIF	Utah Public Treasurers Fund 360-day yield annualized and reported by the Utah State Treasurer; see <a href="http://www.treasurer.utah.gov/ptifrate.html">http://www.treasurer.utah.gov/ptifrate.html</a>
<sup>2</sup> Account #8913870	Zions Wealth Advisors 360-day yield net of fees, as reported on UCIP 3 monthly statements
<sup>3</sup> Ave. Funds Invested	Average daily balance in the account for the month reported
<sup>4</sup> Approx. Total Int.	Approximate total interest earned for the month reported. Cash flows are approximate and should not be used for tax or accounting purposes
<sup>5</sup> Approx. Diff. Int.	Approximate differential in interest earned in the ZWA client account versus the PTIF for the month reported. Cash flows are approximate and should not be used for tax or accounting purposes

Contango Capital Advisors is a registered investment adviser and a non-bank affiliate of Zions Bank and a non-bank subsidiary of Zions Bancorporation. In Utah and Idaho, Contango operates under the name Zions Wealth Advisors. Investment products and services are not insured by the FDIC or any federal or state governmental agency, are not deposits or other obligations of, or guaranteed by, Zions Bank, Zions Bancorporation or its affiliates, and may be subject to investment risks, including the possible loss of principal value or amount invested. CCA #1010-0117

Please see accompanying page for additional disclosures

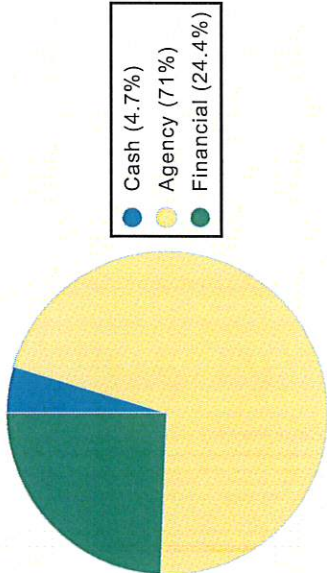




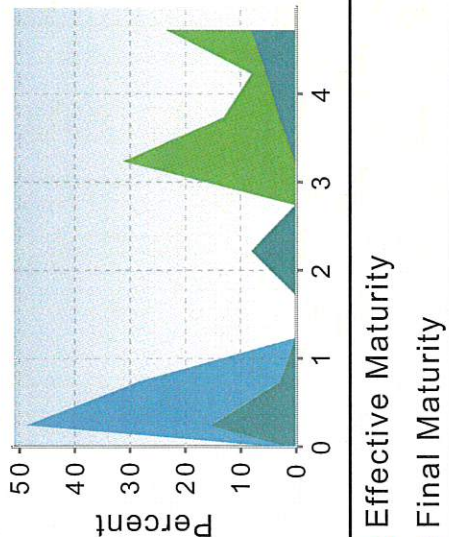




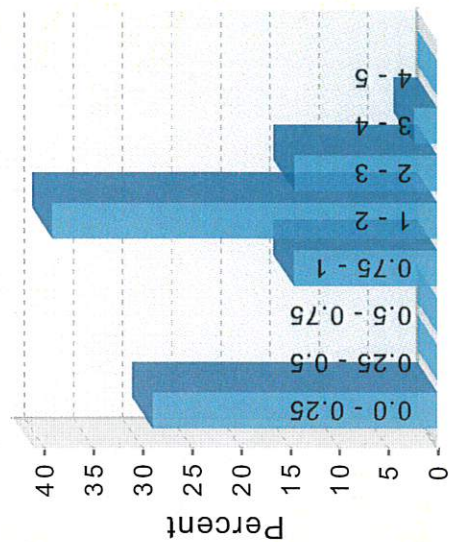
### Market Sectors



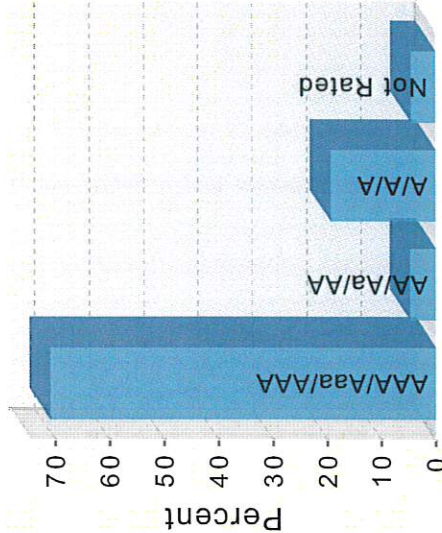
### Time to Maturity (Years)



### Duration



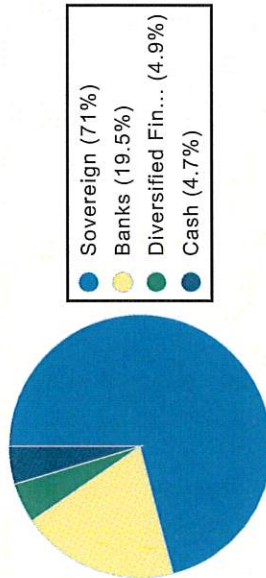
### Credit Ratings



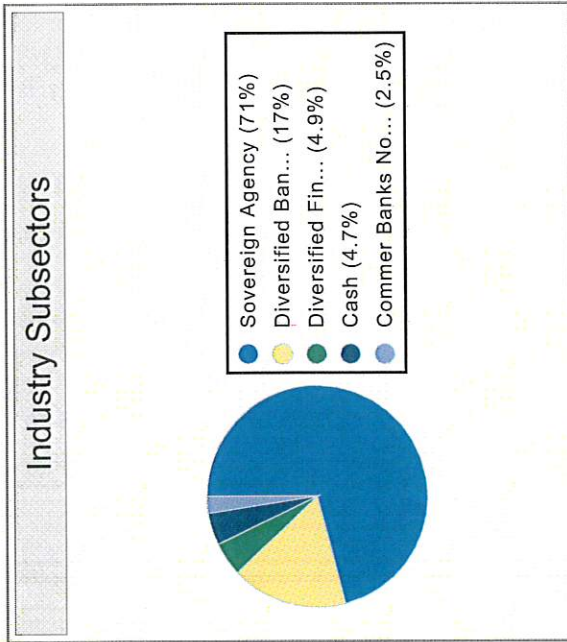
### Credit Duration

	0.0 - 0.25	0.25 - 0.5	0.5 - 0.75	0.75 - 1	1 - 2	2 - 3	3 - 4	4 - 5
AAA	0.0	0.0	0.0	14.7	39.2	14.6	2.4	0.0
AA	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
A	19.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BBB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CCC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NA	4.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0

### Industry Sectors











# ZIONS® WEALTH ADVISORS

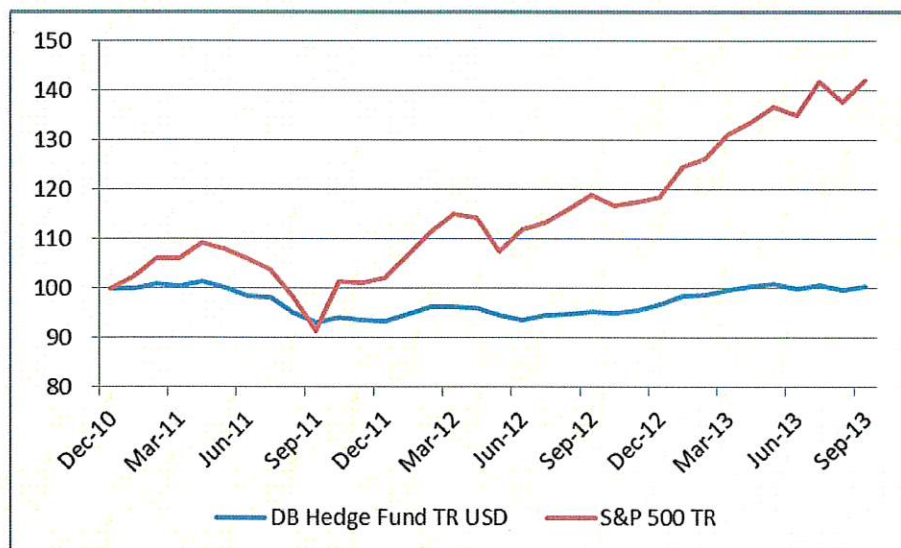
*Market & Economic Commentary*

Heard Off The Street:  
**It Hasn't Paid to Hedge**  
November 7, 2013

*The Investment Strategy Group of Contango Capital Advisors provides regular updates on economic and financial conditions and trends.*

Hedge funds have had a difficult couple years. While news of blow-ups and Ponzi Schemes has waned, the sector is suffering from mediocre performance and naysaying. Given how easy it's been to make money going long most any stock index, you may be asking yourself, "What's the role of a non-traditional strategy such as a hedge fund in my portfolio?" Well, while we're not impressed with recent performance, we do believe non-traditional strategies can assist in meeting certain investment objectives over longer periods of time.

According to the Deutsche Bank Hedge Fund Total Return Index, a diversified portfolio of hedge funds has, for all intents and purposes, delivered zilch since 2011 compared with an impressive +40% for the S&P 500. This is a massive difference which is nearly impossible to make up barring a severe equity correction – something we're not calling for.



There are lots of "excuses" for such dismal performance. Many managers can't figure out why equities continue to rally and reach new highs in light of a dysfunctional government and ho-hum global growth and have positioned themselves conservatively. Others remain bearish as they focus exclusively on specific valuation measures which point to overvaluation such as the Shiller P/E or the sustainability of current corporate profit margins. Many traders are whipsawed from positions on unexpected news from global monetary authorities and have been bleeding losses over several years. Still, others have shown their Achilles Heel – operating in a low interest rate environment for an extended time period. Historically, these managers' performance has been



supported by healthy returns from ancillary strategies such as interest on collateral and/or securities lending. Finally, the traditional hedge fund universe continues to operate in the “2% / 20%” world where they charge 2% management fees and keep 20% of profits.

Many pundits are basking in these weak returns and are calling for continued weakness and further consolidation. While we agree the industry will continue to migrate to larger players, we disagree the asset class is broken.

Within the hedge fund universe, certain strategies have disproportionately suffered while others have delivered on their mandate. Commodity Trading Advisors (CTAs) have been hit particularly hard by a combination of volatile markets and low rates. Over the past several years, these managers have tended to put on trades just ahead of trend reversals. Macro trading managers have also suffered as they have had tough time reading currencies and interest rates with increased monetary noise.

On the other hand, equity long / short (L/S) strategies have delivered on their mandate. A traditional L/S manager typically aims for 2/3 up capture and 1/3 down capture. So, if the S&P 500 is up 10%, these managers will be judged successful if they deliver 6-7% and if there's a 10% sell-off, would be pleased with a 3-4% loss. While slow to capture the market's inflection point during March 2009, these managers have mostly kept investors happy. Additionally, event driven strategies pursuing credit situations and corporate events have also delivered positive returns.

So, where does this leave us with hedge funds – keep ‘em or toss ‘em? As with most asset classes, active management can make a big difference. Certain strategies have been more obvious than others to underweight given the economic and political environment. Additionally, the role hedge funds play must be viewed as a component of the entire portfolio. Therefore, they should complement existing equity, bond, and real asset positions. Finally, keeping expenses low relative to the industry gives portfolios a potential return advantage.

Contango's philosophy with hedge funds has been to create a pool of investments with low volatility and low correlation to traditional assets. This alternative investment solution is available in registered mutual funds and the traditional partnership route. Additionally, where it makes sense from a liquidity or sophistication point of view we have in recent years blended traditional hedge fund strategies with other alternative investments – specifically higher return seeking opportunities in private illiquid assets such as equity, energy, real estate, and debt.

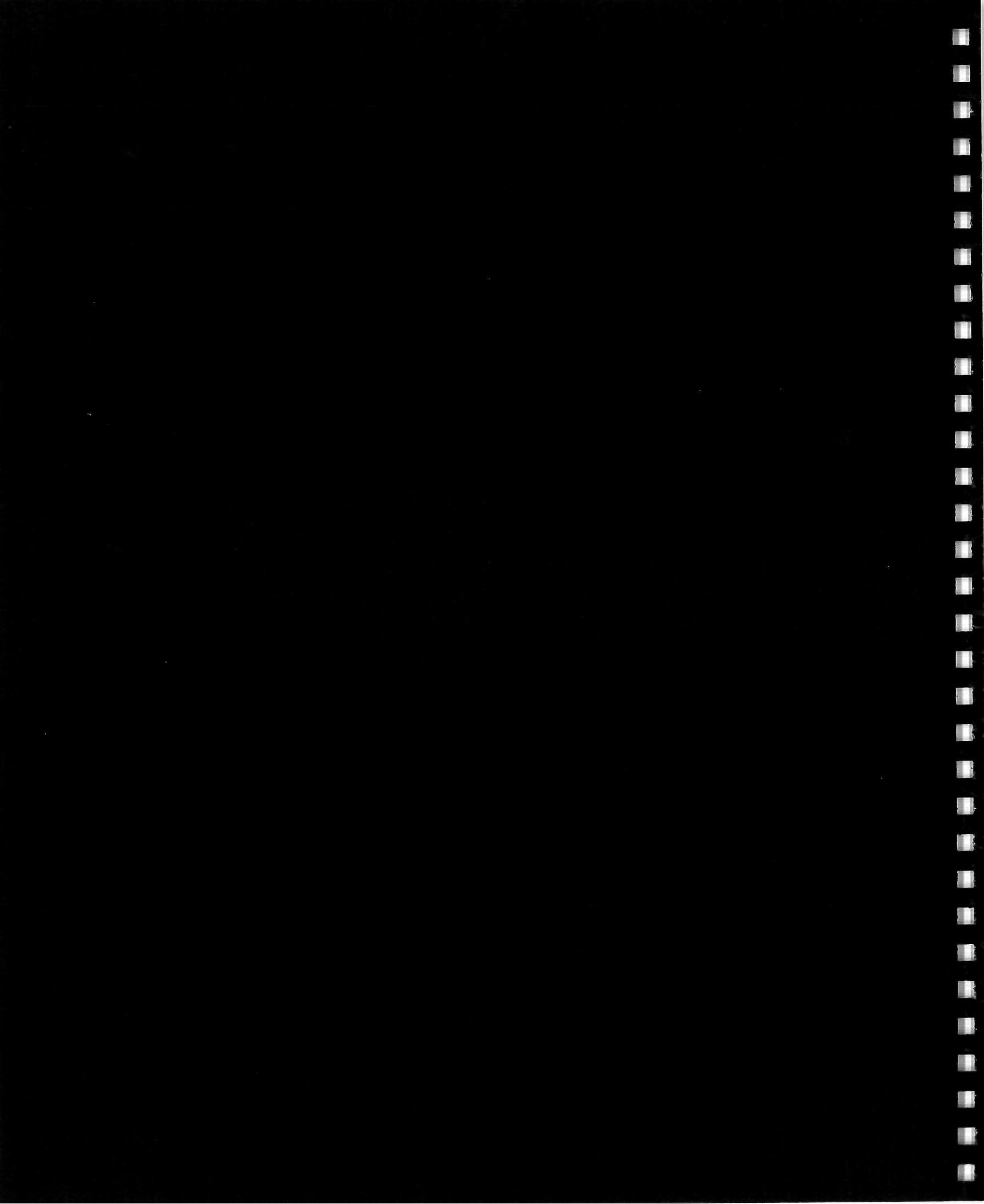
So while the returns from hedge fund may be low relative to long-only equities, especially in a bull market environment, the portfolio diversification benefits are rich and thus we recommend a modest position in larger portfolios to dampen volatility and deliver potential additional sources of return.

---

IMPORTANT NOTE: Wealth management services are offered through Contango Capital Advisors, Inc. (Contango), which operates as Zions Wealth Advisors in Utah and Idaho. Contango is a registered investment adviser and a nonbank affiliate of Zions Bank and a nonbank subsidiary of Zions Bancorporation. Representatives of Zions Wealth Advisors are employed by Zions Bank and are shared employees of Contango Capital Advisors, and Western National Trust Company (a subsidiary of Zions Bank and an affiliate of Contango). Some are also registered representatives of Zions Direct, which is a member of FINRA/SIPC and a nonbank subsidiary of Zions Bank, which is a member of FINRA/SIPC and a nonbank subsidiary of Zions Bank. Investment products and services are not insured by the FDIC or any federal or state governmental agency, are not deposits or other obligations of, or guaranteed by, Zions Bank, Zions Bancorporation or its affiliates, and may be subject to investment risks, including the possible loss of principal value or amount invested. CCA1113-0132











## STANDING COMMITTEES

### COMMITTEES of the BOARD

#### AUDIT

Steve Wall, *Chair*, Sevier County Clerk/Auditor  
Bill Cox, Rich County Commissioner  
Jerry Hurst, Tooele County Commissioner  
Mike Wilkins, Uintah County Clerk/Auditor

#### GOVERNANCE

Bruce Adams, *Chair*, San Juan County Commissioner  
Kerry Gibson, Weber County Commissioner  
Karla Johnson, Kane County Clerk/Auditor  
Bret Millburn, Davis County Commissioner  
Steve Wall, Sevier County Clerk/Auditor  
Mike Wilkins, Uintah County Clerk/Auditor

#### NOMINATING

Jim Eardley, *Chair*, Washington County Commissioner  
Alma Adams, Iron County Commissioner  
Karla Johnson, Kane County Clerk/Auditor  
Bret Millburn, Davis County Commissioner  
Mike Wilkins, Uintah County Clerk/Auditor

#### PERSONNEL

Brad Dee, *Chair*, Weber County HR Director  
Dave Blackwell, Emery County Attorney  
Cameron Noel, Beaver County Sheriff

### COMMITTEES of the MEMBERS

#### LAW ENFORCEMENT

Alden Orme, *Chair*, Juab County Sheriff  
Cameron Noel, Beaver County Sheriff  
James Cordova, Carbon County Sheriff  
Robert Dekker, Millard County Sheriff

#### LITIGATION MANAGEMENT

David Blackwell, *Chair*, Emery County Attorney  
Brock Belnap, Washington County Attorney  
Jared Eldridge, Juab County Attorney  
Dale Eyre, Sevier County Attorney  
Doug Hogan, Tooele County Attorney  
Bill McGuire, Davis County Deputy Attorney  
Dave Wilson, Weber County Deputy Attorney

#### PERSONNEL

Brad Dee, *Chair*, Weber County HR Director  
Pam Ayala, Tooele County Human Resources Director  
Valeen Brown, Piute County Clerk/Auditor  
Rhonda Gant, Kane County HR  
Brandy Grace, Millard County Auditor  
Crystal Holt, San Juan County HR/Personnel Director  
Mary Huntington, Emery County Personnel  
Peggy Madsen, Box Elder County Personnel Director  
Joe McKea, Uintah County HR Director/Risk Manager  
Camille Moore, Garfield County Clerk/Auditor  
Leslie Bishop, Iron County Human Resources  
Ilene Roth, Sanpete County Auditor  
David Rowley, Wasatch County HR  
Mike Seely, Juab County Administrator  
Ryan Torgerson, Wayne County Clerk/Auditor  
Steve Wall, Sevier County Clerk/Auditor  
Sherrie Larsen, Washington County HR Supervisor





# Utah Counties Indemnity Pool Payments

September 20 - November 14, 2013

Type	Date	Num	Name	Memo	Amount
<b>ML Expense</b>					
Liability Check	09/27/2013		QuickBooks Payroll Service	Created by Payroll Service on 09/24/2013	-13,549.10
Liability Check	10/11/2013		QuickBooks Payroll Service	Created by Payroll Service on 10/05/2013	-13,546.33
Liability Check	10/30/2013		QuickBooks Payroll Service	Created by Payroll Service on 10/28/2013	-13,667.90
Check	09/30/2013			Service Charge	-66.91
Liability Check	11/14/2013		QuickBooks Payroll Service	Created by Payroll Service on 11/12/2013	-13,546.35
Liability Check	09/26/2013	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270366982951698	-4,290.64
Liability Check	09/26/2013	ONLINE	Utah State Tax Commission	Confirmation Number: 0-895-773-184	-1,719.51
Liability Check	09/26/2013	ONLINE	Utah Retirement Systems	Confirmation Number: 092557385177	-7,180.96
Liability Check	09/26/2013	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-1,536.71
Liability Check	10/15/2013	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270368855101549	-4,290.68
Liability Check	10/31/2013	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270370403256205	-4,341.72
Liability Check	10/31/2013	ONLINE	Utah Retirement Systems	Confirmation Number: 10306349818	-7,239.86
Liability Check	10/31/2013	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-1,536.71
Liability Check	10/31/2013	ONLINE	Utah State Tax Commission	Confirmation Number: 0-893-295-104	-1,740.97
Liability Check	11/13/2013	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270371724560031	-4,290.64
Check	09/25/2013	VISA	Wells Fargo	Account Number: 4856 2002 0893 3427	-151.03
Check	09/25/2013	VISA	Wells Fargo	Account Number: 4856 2002 0207 3675	-762.73
Check	09/25/2013	VISA	Wells Fargo	Account Number: 4856 2002 0207 3675	-71.42
Check	10/24/2013	VISA	Wells Fargo	Account Number: 4856 2002 0893 3427	-249.76
Check	10/24/2013	VISA	Wells Fargo	Account Number: 4856 2002 0893 3427	-1,824.34
Check	10/24/2013	VISA	Wells Fargo	Account Number: 4856 2002 0207 3691	-2,135.21
Check	09/25/2013	6883	Kathleen M. Liuzzi	Expense Reimbursement	-308.39
Check	09/25/2013	6884	Karla Johnson	Mileage Reimbursement	-90.40
Check	09/25/2013	6885	Bruce Adams	Mileage Reimbursement	-395.50
Check	09/25/2013	6886	Brad Dee	Mileage Reimbursement	-325.44
Check	09/25/2013	6887	Rich County	Mileage Reimbursement (Bill Cox)	-378.55
Check	09/25/2013	6888	Alden Orme	Mileage Reimbursement	-192.10
Check	09/25/2013	6889	Paetec	Invoice Number: 9224908	-704.39
Check	09/25/2013	6890	Kerry Gibson	Expense Reimbursement	-98.43
Check	09/25/2013	6891	Dave Blackwell	Expense Reimbursement	-205.33
Check	09/25/2013	6892	Bruce Adams	Per Diem AGRIP TX	-330.00
Check	09/25/2013	6893	Bill Cox	Per Diem AGRIP TX	-330.00
Check	09/25/2013	6894	Bret Millburn	Per Diem AGRIP TX	-264.00
Check	09/25/2013	6895	Alden Orme	Per Diem AGRIP TX	-330.00
Check	09/25/2013	6896	Mike Wilkins	Per Diem AGRIP TX	-330.00
Check	09/25/2013	6897	Sonya J. White	Expense Reimbursement	-604.85
Check	09/25/2013	6898	PEHP-LTD	Coverage Period: SEP 2013	-216.62
Bill Pmt -Check	09/25/2013	6899	Barton Kunz	RMC Speaker Hotel Reimbursement	-142.28
Bill Pmt -Check	09/25/2013	6900	Les Olson Company	Invoice Number: EA478281	-101.59
Bill Pmt -Check	09/25/2013	6901	Nielsen & Senior	Invoice Number: 23322	-1,702.54
Bill Pmt -Check	09/25/2013	6902	Southern Utah University	Invoice Number: 3313	-4,063.73
Check	09/26/2013	6903	Johnnie R. Miller	Expense Reimbursement	-965.20
Liability Check	09/30/2013	6904	Public Employees Health Program	Policy Number 1076 (SEP)	-5,531.23
Check	10/03/2013	6905	Mike Wilkins	Mileage Reimbursement	-201.14
Check	10/03/2013	6906	Seth Oveson	Mileage Reimbursement	-83.78
Check	10/03/2013	6907	Frank D. Mylar	Expense Reimbursement	-199.60
Check	10/03/2013	6908	AGRIP	Invoice Number: 13G-0106	-6,075.00
Bill Pmt -Check	10/03/2013	6909	End Point Corporation	Invoice Number: UC1303	-60.00
Bill Pmt -Check	10/03/2013	6910	Hyatt Regency San Antonio Riverwalk	AGRIP UCIP Room Block	-6,351.20
Bill Pmt -Check	10/03/2013	6911	Premiere Global Services	Invoice Number: 14642850	-174.88

# Utah Counties Indemnity Pool Payments September 20 - November 14, 2013

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	10/03/2013	6912	Western AgCredit	Invoice Number: 10-2013	-10,471.00
Check	10/17/2013	6913	Kathleen M. Luzzi	Expense Reimbursement	-347.89
Check	10/17/2013	6914	Korby M. Siggard	Mileage/Expense Reimbursement	-329.65
Check	10/17/2013	6915	David Blackwell	Mileage/Expense Reimbursement	-146.45
Bill Pmt -Check	10/17/2013	6916	Arthur J. Gallagher & Co.	Invoice Number: 659885	-2,755.25
Bill Pmt -Check	10/17/2013	6917	Christensen & Jensen	Invoice Number: 75740	-280.50
Bill Pmt -Check	10/17/2013	6918	Office Depot	Invoice Number: 676177649001	-34.30
Bill Pmt -Check	10/17/2013	6919	Purchase Power	Invoice Number: 392209-10/05	-226.46
Bill Pmt -Check	10/17/2013	6920	Revco Leasing Company, LLC	Invoice Number: 340007	-435.91
Bill Pmt -Check	10/17/2013	6921	Arthur J. Gallagher & Co.	Invoice Number: 674624	-2,750.00
Bill Pmt -Check	10/17/2013	6922	Office Depot	Invoice Number: 676177550001	-237.49
Bill Pmt -Check	10/17/2013	6923	Office Depot	Invoice Number: 676177650001	-284.99
Liability Check	10/18/2013	6924	Opticare of Utah	Invoice Number: 41491	-55.35
Check	10/18/2013	6925	Johnnie R. Miller	Expense Reimbursement	-259.90
Check	10/18/2013	6926	Sonya J. White	Mileage Reimbursement	-101.70
Check	10/18/2013	6927	Mike Wilkins	Expense Reimbursement	-63.00
Bill Pmt -Check	10/18/2013	6928	Les Olson Company	Invoice Number: EA483590	-288.89
Bill Pmt -Check	10/18/2013	6929	Pitney Bowes Global Financial Serv...	Invoice Number: 1528795-OT13	-199.00
Bill Pmt -Check	10/23/2013	6930	Barton Kunz	SWAP Speaker Hotel Reimbursement	-86.85
Check	10/23/2013	6931	Kathleen M. Luzzi	Expense Reimbursement	-634.31
Check	10/30/2013	6932	Johnnie R. Miller	Expense Reimbursement	-350.37
Liability Check	10/30/2013	6933	Public Employees Health Program	Policy Number 1076 (OCT)	-5,531.23
Check	10/30/2013	6934	Kerry Gibson	Expense Reimbursement	-67.98
Bill Pmt -Check	10/30/2013	6935	By The Numbers Actuarial Consultin...	Invoice Number: 2013-173	-2,000.00
Bill Pmt -Check	10/30/2013	6936	Deluxe for Business	Invoice Number: 0042837229	-418.25
Check	10/30/2013	6937	Paetec	Invoice Number: 6057023	-704.65
Check	10/31/2013	6938	PEHP-LTD	Coverage Period: OCT 2013	-218.66
Bill Pmt -Check	11/01/2013	6939	Western AgCredit	Invoice Number: 11-2013	-10,471.00
Check	11/04/2013	6940	Lisa O. Brown	Travel Expense CRL NV	-284.00
Check	11/04/2013	6941	Kathleen M. Luzzi	Travel Expense CRL NV	-284.00
Check	11/04/2013	6942	Johnnie R. Miller	Travel Expense CRL NV	-284.00
Check	11/04/2013	6943	Korby M. Siggard	Travel Expense CRL NV	-284.00
Check	11/04/2013	6944	Sonya J. White	Travel Expense CRL NV	-284.00
Check	11/04/2013	6945	Kathleen M. Luzzi	Expense Reimbursement	-500.90
Total ML Expense					-170,167.58
TOTAL					-170,167.58



# Utah Counties Indemnity Pool

---

## *FINANCIAL STATEMENTS*

Quarter Ending September 30, 2013

---

# Utah Counties Indemnity Pool

## Third Quarter 2013 Financial Statements

To the Board of Trustees:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions and from accrual transaction of the Utah Counties Indemnity Pool as of 09/30/13 and accompanying notes to basic financial statements.

Sonya White  
Chief Financial Officer  
801-307-2113  
[sonya@ucip.utah.gov](mailto:sonya@ucip.utah.gov)

Reviewed this \_\_\_\_ day of \_\_\_\_\_, 2013

By: \_\_\_\_\_

**UTAH COUNTIES INDEMNITY POOL**  
**STATEMENT of NET POSITION**  
September 30, 2013

	<u>Sep 30, 2013</u>	<u>Dec 31, 2012</u>	<u>Sep 30, 2012</u>
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 9,782,531	\$ 10,594,020	\$10,670,906
Accounts receivable	850	1,505	16,196
Reinsurance recoverable	273,268	332,617	151,300
Prepaid expenses	634,108	269,018	663,694
TOTAL CURRENT ASSETS	<u>10,690,756</u>	<u>11,197,160</u>	<u>\$11,502,096</u>
INVESTMENTS	3,167,989	2,417,379	2,672,171
PROPERTY AND EQUIPMENT	30,849	42,448	46,314
OTHER ASSETS			
Land held for investment	526,778	526,778	526,778
Security deposits	11,336	11,336	11,336
TOTAL ASSETS	<u>\$ 14,427,709</u>	<u>14,195,101</u>	<u>\$14,758,695</u>
<b>LIABILITIES AND NET POSITION</b>			
CURRENT LIABILITIES			
Reserves for losses and loss adjustment expenses	\$ 8,429,867	\$ 7,748,687	\$7,686,014
Accounts payable	10,531	5,455	
Accrued expenses	52,084	52,702	49,868
Contributions paid in advance	1,271,414	440,882	1,570,313
TOTAL CURRENT LIABILITIES	<u>9,763,895</u>	<u>8,247,726</u>	<u>9,306,195</u>
TOTAL LIABILITIES	<u>9,763,895</u>	<u>8,247,726</u>	<u>9,306,195</u>
NET POSITION			
Net investment in capital assets	38,582	42,448	89,848
Claim Reserve Deterioration Fund	200,000	-	-
Rate Stabilization Fund	200,000	-	-
Unrestricted	4,225,232	5,904,927	5,362,653
TOTAL NET POSITION	<u>4,663,813</u>	<u>5,947,375</u>	<u>5,452,501</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 14,427,709</u>	<u>\$ 14,195,101</u>	<u>\$ 14,758,696</u>

**UTAH COUNTIES INDEMNITY POOL**  
**STATEMENTS of REVENUES, EXPENSES, and CHANGES in NET POSITION**  
September 30, 2013

	<u>Sep 30, 2013</u>	<u>Budget</u>	<u>Over Budget</u>	<u>% of Budget</u>
OPERATING INCOME				
Contributions	\$ 3,814,241	5,085,654	\$ (1,271,414)	75%
Investment income	58,622	105,000	(46,378)	56%
Other income	14,637	18,000	(3,363)	81%
TOTAL OPERATING INCOME	<u>3,887,499</u>	<u>5,208,654</u>	<u>(1,321,155)</u>	<u>75%</u>
UNDERWRITING EXPENSES				
Losses and loss adjustment expenses	3,218,264	2,779,000	439,264	116%
Reinsurance coverage	1,148,043	1,565,980	(417,937)	73%
TOTAL UNDERWRITING EXPENSES	<u>4,366,307</u>	<u>4,344,980</u>	<u>21,327</u>	<u>100%</u>
ADMINISTRATION EXPENSES				
Board of Trustees	31,754	40,000	(8,246)	79%
Depreciation	11,598	15,000	(3,402)	77%
Dividend expense	-	91,828		
Loss control	29,426	50,000	(20,574)	59%
Marketing	8,452	16,000	(7,548)	53%
Office operations	142,270	210,000	(67,730)	68%
Professional services	114,623	215,254	(100,631)	53%
Staff	463,705	675,000	(211,295)	69%
TOTAL ADMINISTRATION EXPENSES	<u>801,828</u>	<u>1,313,082</u>	<u>(419,426)</u>	<u>61%</u>
TOTAL OPERATING EXPENSES	<u>5,168,135</u>	<u>5,658,062</u>	<u>(398,099)</u>	<u>91%</u>
NET OPERATING INCOME	<u>(1,280,636)</u>	<u>(449,408)</u>	<u>(923,056)</u>	<u>285%</u>
OTHER INCOME (EXPENSES)				
Loss on sale of capital assets	-			
Unrealized loss on marketable securities	(2,926)			
TOTAL OTHER INCOME	<u>(2,926)</u>			
CHANGE IN NET POSITION	(1,283,562)			
NET POSITION AT BEGINNING OF YEAR	<u>5,947,375</u>			
NET POSITION AT END OF QUARTER	<u>\$ 4,663,813</u>			



**UTAH COUNTIES INDEMNITY POOL**  
**STATEMENTS of CASH FLOWS**  
September 30, 2013

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions collected	\$ 4,645,427	\$ 7,036,931
Other fees collected	14,637	20,943
Reinsurance paid	(1,513,134)	(1,608,355)
Losses and loss expenses paid	(2,477,735)	(2,970,063)
Cash paid to employees	(464,322)	(586,981)
Other administrative expenses paid	(321,448)	(437,868)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(116,575)</u>	<u>1,454,607</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale (purchase) of investments	(750,610)	757,352
Investment income	55,696	120,361
NET CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES	<u>(694,915)</u>	<u>877,713</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>		
Purchases of capital assets	-	(564)
NET CASH USED BY CAPITAL AND FINANCING ACTIVITIES	<u>-</u>	<u>(564)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(811,490)	2,331,756
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>10,594,020</u>	<u>8,262,264</u>
CASH AND CASH EQUIVALENTS AT END OF QUARTER/YEAR	<u>\$ 9,782,531</u>	<u>\$ 10,594,020</u>
<b>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net position	\$ (1,283,562)	\$ 214,356
Adjustments to reconcile change in net position to net cash flows from operating activities		
Depreciation	11,598	15,441
Interest on investments	(58,622)	(116,320)
Decrease in equity in Zions	-	-
Increase in equity in CRL	-	(296,186)
Unrealized gain on investments	2,926	(4,041)
Loss on disposal of equipment	-	191
Accounts receivable	655	1,511,873
Prepaid expenses	(365,090)	(34,248)
Reinsurance recoverable	59,349	(181,317)
Reserves for loss and loss adjustment expenses	681,180	1,090,343
Accounts payable	5,077	(1,487)
Accrued expenses	(618)	13,011
Contributions paid in advance	830,532	(757,009)
Total adjustments	<u>1,166,987</u>	<u>1,240,251</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (116,575)</u>	<u>\$ 1,454,607</u>

The accompanying notes are an integral part of the financial statements.

# UTAH COUNTIES INDEMNITY POOL

## NOTES to FINANCIAL STATEMENTS

September 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Utah Counties Indemnity Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. In January 2012, the Pool was renamed the Utah Counties Indemnity Pool. The Pool is a non-profit Interlocal entity formed under Section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, operated as a joint liability reserve fund under Section 63G-7-703 and 801 for counties who enter into the Interlocal agreement that creates UCIP. The Pool is referred to as a: "public agency insurance mutual" under the insurance statutes of the State of Utah, Section 31A-1-103(7). All of the Pool's business activities are conducted in the State of Utah.

#### Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Pool has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB Statement 34), GASB Statement No. 37, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments: Omnibus, and GASB Statement No. 38, Certain Financial Statement Note Disclosures. The Pool has also adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of these statements, the Pool has prepared required supplementary information titled "Management's Discussion and Analysis" which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net position as net invested in capital assets and unrestricted, has prepared the statements of cash flows on the direct method, and provided additional schedules to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. The following is a summary of the more significant policies.

#### Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.



# UTAH COUNTIES INDEMNITY POOL

## NOTES to FINANCIAL STATEMENTS

September 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

#### Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents. Therefore, the investments in the Utah Public Treasurers' Fund and cash on deposit are considered to be cash equivalents.

#### Investments

Investments are comprised of various U.S. Government securities, certificates of deposit and investments in County Reinsurance Limited (CRL).

Investments in U.S. Government securities as of September 30, 2013 consist of held-to-maturity securities. Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

The investments in CRL are valued using the equity method of accounting. Under the equity method, the Pool recognizes its proportionate share of the net earnings or losses of CRL which represents its share of the undistributed earnings or losses of CRL.

#### Land Held for Investment

The Pool purchased land in October of 2007 with the intent of building office space to house Pool employees and conduct board meetings and training. In September 2008, the Board determined to hold the land as an investment for future sale instead.

# UTAH COUNTIES INDEMNITY POOL

## NOTES to FINANCIAL STATEMENTS

September 30, 2013

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Contributions Paid in Advance

Contributions paid by members prior to January 1 of the next calendar year are considered to be deferred until January 1 and are reported as liabilities in the statement of net assets.

#### Contributions

Contributions are collected annually on January 1.

#### Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years. Depreciation expense for the current year, as of the quarter ending September 30, 2013, amounted to \$11,598.

#### Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are reviewed quarterly and any adjustments are reflected in the period determined.

#### Subsequent Events

Management of the Pool has evaluated subsequent events through September 30, 2013. No subsequent events were noted during this evaluation that required recognition or disclosure in these financial statements.

### NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of September 30, 2013. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes including the Utah Money Management Act.

# UTAH COUNTIES INDEMNITY POOL

## NOTES to FINANCIAL STATEMENTS

September 30, 2013

### NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### Cash and Cash Equivalents

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is \$114,085 as of September 30, 2013. The corresponding bank balance of the deposits was \$66,516 as of September 30, 2013. All of the Pool's cash on deposit bank accounts are noninterest-bearing. Beginning January 1, 2013, all noninterest-bearing and other depositors' accounts will be aggregated and insured up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category.

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but the PTIF is subject to oversight by the Utah Money Management Council and all investments in PTIF are considered to be in compliance with the Utah Money Management Act. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on any entity's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah.

Zions Wealth Advisors DBA Contango Capital Advisors is a Certified Investment Advisory Firm subject to oversight by the Utah Money Management Council and all investments with Zions Wealth Advisors are considered to be in compliance with the Utah Money Management Act. The maximum final maturity of securities that meet the criteria in Utah Code Ann. §51-7-11, invested in by Zions Wealth Advisors, is limited to three years. The maturity of securities, invested in by Zions Wealth Advisors, that meet the criteria in Utah Code Ann. §51-7-17, do not exceed the anticipated date of the expenditure of public funds. Zions Wealth Advisors Investments are not insured or otherwise guaranteed.

#### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2013, all of the Pool's bank balances were fully insured by the FDIC.

# UTAH COUNTIES INDEMNITY POOL

## NOTES to FINANCIAL STATEMENTS

September 30, 2013

### NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### Custodial Credit Risk (Continued)

As of September 30, 2013, the Pool's cash and cash equivalents and investments included the following:

	<u>2013</u>
Cash on deposit	\$ 66,516
Public Treasurers' Investment Fund	9,521,707
Zions Wealth Advisors	194,308
Total cash and cash equivalents	<u>9,782,531</u>
Investments - U.S. government securities	1,856,362
Equity investment in County Reinsurance Limited	1,311,627
Land held for sale	526,778
Total investments	<u>3,694,767</u>
Total cash and cash equivalents and investments	<u><u>\$13,477,298</u></u>

#### Investments

The Pool records its investments in U.S. Government Securities at market value. The Pool records investments with County Reinsurance Limited (CRL) using the equity method of accounting. Investments in CRL are confirmed annually. All other investments are through the Public Treasurers Investment Fund (PTIF). The differences between book value and fair value, as of September 30, 2013, are as follows:

<u>2013</u>	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Statement Value</u>
Securities	\$ 1,859,288	\$ -	\$ (2,926)	\$ 1,856,362	\$ 1,856,362
Equity	1,311,627	-	-	1,311,627	1,311,627
Land	526,778	-	-	526,778	526,778
Total investments	<u>\$ 3,697,693</u>	<u>\$ -</u>	<u>\$ (2,926)</u>	<u>\$ 3,694,767</u>	<u>\$ 3,694,767</u>

# UTAH COUNTIES INDEMNITY POOL

## NOTES to FINANCIAL STATEMENTS

September 30, 2013

### NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pool's policy for managing interest rate risk is to comply with the State Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. The Pool manages its exposure to declines in fair value by investing in the Public Treasurers' Investment Fund (PTIF) and other securities and by adhering to the Act. Following are the Pool's investments at September 30, 2013:

Investment Type	Carrying Amount and Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
Debt securities:			
Corporate bonds	\$ 1,856,362	\$ 1,607,395	\$ 248,967
Other investments:			
CRL equity	1,311,627		
Land	526,778		
Total Other Investments	1,838,405		
Total investments	\$ 3,694,767		

#### Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Pool's policy for limiting the credit risk of investments is to comply with the Money Management Act.

Investments are categorized into these three categories of credit risk:

Category 1 - Insured or registered, or securities held by the Pool or its agent in the Pool's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Pool's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, not in the Pool's name.

# UTAH COUNTIES INDEMNITY POOL

## NOTES to FINANCIAL STATEMENTS

September 30, 2013

### NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of September 30, 2013, investments in U.S. government securities in the amount of \$1,856,362 are considered to be Category three securities. As of September 30, 2013, Public Treasurers Investment Fund (PTIF) investments, equity investments in County Reinsurance Limited (CRL) and land held for sale in the total amount of \$11,360,111 are uncategorized investments.

### NOTE 3 - INVESTMENT INCOME

Investment income is comprised of the following as of September 30, 2013:

	<u>2013</u>
<b>Interest:</b>	
Bonds	\$ 14,999
Equity	-
Cash	<u>43,623</u>
Total interest income	<u>\$ 58,622</u>
<b>Cash received:</b>	
Bonds	\$ (2,926)
Cash	<u>43,623</u>
Total cash received	<u>40,696</u>
<b>Noncash adjustments:</b>	
Equity	-
Change in accrued interest	22,175
Amortization	<u>(4,249)</u>
Total noncash adjustments	<u>17,926</u>
Total investment income	<u>\$ 58,622</u>

### NOTE 4 - INTEREST RATES

The interest rate for assets held with the Utah Public Treasurers' Investment Fund was .5055% as of September 30, 2013.



# UTAH COUNTIES INDEMNITY POOL

## NOTES to FINANCIAL STATEMENTS

September 30, 2013

### NOTE 5 - CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are as follows:

<u>2013</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Office furniture and equipment	\$ 167,190	\$ -	\$ -	\$ 167,190
Total capital assets, being depreciated	167,190	-	-	167,190
Less accumulated depreciation for:				
Office furniture and equipment	(124,742)	(11,598)	-	(136,340)
Total accumulated depreciation	(124,742)	(11,598)	-	(136,340)
Total capital assets being depreciated, net	42,448	(11,598)	-	30,850
Total capital assets, net	\$ 42,448	\$ (11,598)	\$ -	\$ 30,850

### NOTE 6 - REINSURANCE

Effective 2003, the Pool has purchased only specific excess coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities of the Pool are stated net of estimated losses applicable to reinsurance coverage ceded to other insurance companies of \$1,827,641 as of September 30, 2013. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

#### Reinsurance Recoverables on Aggregate Losses

The Pool has reinsurance recoverables on aggregate policies (1992-2002) in the amount of \$273,268 from its reinsurers for accrued losses as of September 30, 2013.

#### Unsecured Reinsurance Recoverables

There are no letters of credit, trust agreements or funds withheld on reinsurance recoverables. The amount of \$1,268,049 exceeds three percent of the Pool's surplus and is considered unsecured recoverables on known claims.

#### Reinsurance Recoverable in Dispute

As of September 30, 2013, the Pool does not have any disputed balances or uncollectible funds.

# UTAH COUNTIES INDEMNITY POOL

## NOTES to FINANCIAL STATEMENTS

September 30, 2013

### NOTE 7 - RETIREMENT PLANS

#### Cost-Sharing Defined Benefits Pension Plan:

**Plan Description.** The Pool contributes to the Local Governmental Public Employees' Noncontributory Retirement System (Noncontributory System), which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (URS). The URS provide refunds, retirement benefits, annual cost of living adjustment, and death benefits to plan members and beneficiaries in accordance with Title 49 of Utah Code Annotated 1953 as amended.

The Noncontributory System is established and governed by Chapter 13, Title 49 of Utah Code Annotated 1953 as amended. Utah Code Ann. §49-11-202, as amended, provides for the administration of the URS and any System under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The URS issues a publicly available financial report that includes financial statements and required supplementary information for the Noncontributory System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 E. 200 S., Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy.** The Pool is required to contribute 17.29 percent (Tier 1 employees) and 15.58 percent (Tier 2 employees) of covered salary to the Noncontributory System. The contribution rates are determined by URS using actuarial analysis. The contribution requirements of the Noncontributory System are authorized pursuant to Utah Code Ann. §49-13-301, as amended, and specified by the Utah State Retirement Board. The Pool's contribution to the Noncontributory System as of September 30, 2013 was \$50,892. The contributions were equal to the required contributions for each year. The Pool has no further liability once contributions are made.

#### Defined Contribution Pension Plans:

The Pool contributes an amount equal to the amount contributed by the employee into a 401(k) plan (administered by the Utah State Retirement Systems) and/or a 457 plan (administered by Nationwide Retirement Solutions), not to exceed five percent of the employee's eligible payroll. The total retirement expense for the Pool as of September 30, 2013 was \$5,661.

### NOTE 8 - UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased as of September 30, 2013, by approximately \$298,401 as a result of re-estimation of unpaid losses and loss adjustment expenses. This change is the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

## UTAH COUNTIES INDEMNITY POOL

### NOTES to FINANCIAL STATEMENTS

September 30, 2013

#### NOTE 8 - UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES (Continued)

The unpaid claims, losses and loss adjustment expenses of the Pool are as follows:

	<u>2013</u>
Beginning balance	\$ 7,748,687
Incurred loss:	
Current year	2,745,000
Prior year	<u>(7,067,463)</u>
Change in total incurred	<u>(4,322,463)</u>
Paid:	
Current year	510,860
Prior year	<u>2,915,364</u>
Total paid	<u>3,426,224</u>
Balance at September 30	<u>\$ 8,429,867</u>

#### NOTE 9 - OPERATING LEASE COMMITMENT

On September 4, 2008, the Pool entered into a seven year commitment to lease office space. The lease commenced in February 2009 at which time the Pool occupied the premises. The Pool's lease rate was discounted in May 2013 due to 5.44% of the office space occupied by the lessor. The Pool paid \$107,014 in rent as of September 30, 2013.

Future minimum rental commitments for the building operating lease are as follows:

2013	\$ 127,956
2014	129,107
2015	132,981
2016	<u>22,942</u>
Total minimum lease payments	<u>\$ 412,986</u>

#### NOTE 10 - CLAIM RESERVE DETERIORATION FUND

Pursuant to the Net Asset Management Policy, the Board has allocated \$200,000 of unrestricted monies to the Claim Reserve Deterioration fund to be used to guard against deteriorating reserves if actual claim costs exceed actuarial estimates.

# **UTAH COUNTIES INDEMNITY POOL**

## **NOTES to FINANCIAL STATEMENTS**

September 30, 2013

### **NOTE 11 -RATE STABILIZATION FUND**

Pursuant to the Net Asset Management Policy, the Board has allocated \$200,000 of unrestricted monies to the Rate Stabilization fund to be utilized to cover temporary or unexpected expenses, particularly reinsurance expense, to avoid temporary rate fluctuation.

### **NOTE 12 -CONTINGENCIES**

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

Budgeting for the new GASB Pension requirements:

The only expenditure you will need to show in the current year is the change in liability from one year to the next. The liability will first come on the books as a prior period adjustment in the earliest year shown in the financial statements. The bigger question, perhaps, is how to calculate the liability. In talking with the people at URS, they have indicated to me that their intention is to allocate the actuarial unfunded liability based on your proportion of covered payroll compared to the rest of the entities in the System.

UCIP's covered payroll was \$425,000 in 2012. The Local Government Division Tier 1 total covered payroll statewide was \$3,794,929,000. For 2012 UCIP's proportionate share of covered payroll was: .000112. Therefore, based on the liability statewide shown below, UCIP's share of the liability will be approximately \$599,564. That is going to have a significant effect on net position.

Here is another wrinkle. URS typically does not publish their report until about mid- to late April. We issued UCIP's report on March 20 last year. GASB says that we can use the prior year info in our report when the current year info is not available. However, that will require another little wrinkle where we would need to report a deferred outflow of resources for contributions made in the previous year. Therefore, for 2013, we could use \$91,707 for our expense. For budgeting for 2014, I would use an amount similar to 2013 – or perhaps a little more for a buffer.

Fiscal year	2010	2011	2012
UCIP Covered Payroll (a)	Approx. \$442,000	\$444,641	\$425,000
URS Covered Payroll (b)	\$3,888,179,000	\$3,900,106,000	\$3,794,929,000
Factor (c) = (a)/(b)	.000114	.000114	.000112
Net Pension Liability (d)	\$3,536,068,000	\$4,454,891,000	\$5,353,257,000
UCIP Portion of Net Pension Liability (e) = (c)x(d)	\$403,112	\$507,857	\$599,564
Change in UCIP liability (expense) (Prior year liability-current year liability)		\$104,745	\$91,707

I need to emphasize that this is a rough estimate and we will have to wait and see what numbers URS comes out with. They could throw in a wrinkle that I have not anticipated.

2014 URS preliminary numbers (spring)  
2015 Budget expense





# UTAH COUNTIES INDEMNITY POOL

	2010				2011				2012				2013				2014			
	Payroll	Premium	EMOD		Payroll	Premium	EMOD		Payroll	Premium	EMOD		Payroll	Premium	EMOD		Payroll	Premium	EMOD	Variance
Beaver	\$4,597,279.00	\$0.00	0.86		\$4,305,781.00	\$0.00	0.88		\$4,653,813.00	\$0.00	1.09		\$4,134,173.00	\$50,749.67	0.86		\$4,483,114.00	\$54,780.33	0.83	\$4,030.66
Box Elder	\$7,511,097.00	\$92,753.16	1.00		\$7,193,457.00	\$144,777.77	1.39		\$8,040,829.00	\$154,163.60	1.40		\$7,437,084.00	\$169,529.69	1.46		\$7,745,080.00	\$191,064.31	1.54	\$21,534.62
Carbon	\$0.00	\$0.00			\$0.00	\$0.00			\$0.00	\$0.00			\$0.00	\$0.00			\$7,953,050.00	\$135,898.72	1.00	
Daggett	\$2,061,002.00	\$27,191.94	1.00		\$2,107,884.00	\$29,534.51	0.87		\$2,325,603.00	\$34,112.18	0.92		\$2,255,830.00	\$40,754.14	1.09		\$2,225,430.00	\$42,136.83	1.04	\$1,382.69
Davis	\$40,840,690.00	\$0.00	0.74		\$40,245,567.00	\$0.00	0.83		\$40,896,371.00	\$0.00	0.77		\$47,489,645.00	\$0.00	0.75		\$40,822,609.00	\$389,743.38	0.87	\$526.80
Duchesne	\$5,741,002.00	\$59,217.43	1.00		\$5,877,616.00	\$71,298.16	0.92		\$6,291,395.00	\$84,597.23	1.06		\$6,316,284.00	\$77,471.89	0.87		\$6,672,076.00	\$77,998.69	0.82	\$8,216.33
Garfield	\$3,192,949.00	\$36,796.44	1.00		\$3,150,076.00	\$44,021.48	0.92		\$3,301,215.00	\$42,366.50	0.87		\$3,462,166.00	\$41,737.87	0.76		\$3,632,166.00	\$49,954.20	0.83	-\$7,734.63
Iron	\$9,503,881.00	\$117,670.31	1.00		\$9,250,839.00	\$137,544.91	0.97		\$9,334,957.00	\$151,329.28	1.12		\$9,657,850.00	\$141,365.86	0.92		\$9,728,210.00	\$133,631.23	0.83	\$12,216.17
Juab	\$2,964,786.00	\$25,997.87	1.00		\$3,066,043.00	\$42,672.02	1.19		\$3,175,154.00	\$52,017.51	1.36		\$2,962,139.00	\$49,272.29	1.12		\$3,387,417.00	\$57,934.23	1.13	\$16,688.84
Kane	\$3,104,169.00	\$36,082.89	1.00		\$3,374,338.00	\$54,476.28	1.13		\$4,148,595.00	\$84,193.68	1.37		\$4,060,583.00	\$91,799.70	1.45		\$4,060,583.00	\$104,015.87	1.59	\$240.40
Millard	\$7,444,316.00	\$77,121.74	1.00		\$7,290,041.00	\$74,319.59	0.76		\$7,401,514.00	\$88,334.01	0.93		\$7,355,824.00	\$91,170.77	0.87		\$7,429,782.00	\$107,859.61	1.00	\$1,885.66
Morgan	\$2,248,140.00	\$20,756.49	1.00		\$2,209,956.00	\$23,660.53	0.90		\$2,285,830.00	\$27,609.28	0.90		\$2,209,956.00	\$22,462.33	0.84		\$2,285,830.00	\$22,702.73	0.65	\$22,992.85
Piute	\$653,797.00	\$7,634.93	1.00		\$633,160.00	\$10,608.70	1.13		\$709,728.00	\$14,358.50	1.40		\$633,160.00	\$10,084.04	1.01		\$709,728.00	\$11,969.70	1.03	-\$8,885.26
Rich	\$1,085,325.00	\$12,450.25	1.00		\$1,060,410.00	\$12,475.89	0.81		\$1,216,921.00	\$15,251.50	0.89		\$1,252,530.00	\$16,459.28	0.85		\$1,123,796.00	\$13,950.31	0.81	\$607.50
San Juan	\$5,681,352.00	\$57,637.89	1.00		\$5,956,775.00	\$70,507.55	0.84		\$6,137,649.00	\$75,162.40	0.88		\$5,706,611.00	\$75,609.42	0.90		\$5,919,323.00	\$98,602.27	1.13	
Sanpete	\$4,074,643.00	\$37,433.23	1.00		\$3,660,759.00	\$42,973.78	1.02		\$3,884,985.00	\$40,033.37	0.92		\$3,870,761.00	\$44,652.30	0.95		\$3,690,755.00	\$35,767.04	0.79	
Sevier	\$5,104,759.00	\$57,563.28	1.00		\$5,256,678.00	\$63,776.81	0.89		\$5,570,477.00	\$80,378.89	1.14		\$5,679,070.00	\$81,403.91	1.02		\$5,730,286.00	\$82,011.41	0.99	
Tooele	\$15,454,421.00	\$183,098.27	1.00		\$15,633,704.00	\$176,636.13	0.79		\$16,336,297.00	\$159,196.45	0.74		\$13,619,983.00	\$138,083.13	0.67		\$0.00	\$0.00	0.66	
Uintah	\$0.00	\$0.00			\$0.00	\$0.00			\$0.00	\$0.00			\$0.00	\$0.00			\$12,987,269.00	\$146,745.87	1.00	
Wasatch	\$0.00	\$0.00			\$0.00	\$0.00			\$0.00	\$0.00			\$0.00	\$0.00			\$9,656,000.00	\$141,900.59	1.00	
Washington	\$18,155,796.00	\$191,244.33	1.00		\$17,605,279.00	\$173,398.23	0.76		\$18,155,106.00	\$155,919.50	0.70		\$18,060,642.00	\$170,293.25	0.70		\$18,445,374.00	\$153,192.68	0.59	-\$17,100.57
Wayne	\$1,098,120.00	\$10,487.83	1.00		\$1,255,145.00	\$15,977.35	0.96		\$1,250,337.00	\$16,021.64	0.98		\$1,106,000.00	\$13,068.64	0.87		\$1,120,000.00	\$11,796.38	0.76	-\$1,272.26
Weber	\$37,257,945.00	\$425,182.43	1.00		\$35,690,002.00	\$357,671.26	0.73		\$35,582,875.00	\$324,974.33	0.73		\$37,939,143.00	\$366,164.05	0.70		\$33,446,394.00	\$370,073.28	0.78	\$3,909.23
UCIP	\$485,890.00	\$631.61	1.00		\$462,641.00	\$850.58	1.00		\$445,990.00	\$824.02	1.00		\$464,500.00	\$973.57	1.00		\$434,772.00	\$671.67	1.00	-\$301.90
TOTALS:	\$178,261,359.00	\$1,476,952.32			\$175,286,151.00	\$1,547,181.53			\$181,145,641.00	\$1,600,843.87			\$185,673,934.00	\$1,693,105.80			\$193,689,044.00	\$2,434,401.33		\$65,090.10



## UTAH COUNTIES INDEMNITY POOL

	Audit 2012	Approved 2013 Budget	Preliminary 2014 Budget	Tentative 2014 Budget	Variance
<b>Revenue</b>					
Contributions	6,282,067	5,085,654	5,016,161	4,590,929	-425,232
Investment Income	416,356	105,000	105,000	105,000	
Program Management Fees	3,146	3,000	3,000	3,000	
Conferences	17,797	15,000	15,000	15,000	
<b>Total Income</b>	<b>6,719,366</b>	<b>5,208,654</b>	<b>5,139,161</b>	<b>4,713,929</b>	-425,232
<b>Underwriting Expense</b>					
Losses and Loss Adjustment Expenses	3,879,089	2,329,592	2,320,608	3,335,158	1,014,550
Reinsurance Expense	1,574,107	1,565,980	1,597,299	1,580,000	-17,299
<b>Total Underwriting Expenses</b>	<b>5,453,196</b>	<b>3,895,572</b>	<b>3,917,907</b>	<b>4,915,158</b>	997,251
<b>Administrative Expense</b>					
Board of Trustees	39,731	40,000	40,000	40,000	
Depreciation	15,441	15,000	15,000	15,000	
Loss Control	49,974	50,000	50,000	45,000	-5,000
Marketing	15,931	16,000	16,000	14,000	-2,000
Office Operations	185,933	210,000	210,000	200,000	-10,000
Professional Services	144,812	215,254	215,254	150,000	-65,254
Staff	599,992	675,000	675,000	675,000	
<b>Total Administrative Expenses</b>	<b>1,051,814</b>	<b>1,221,254</b>	<b>1,221,254</b>	<b>1,139,000</b>	-82,254
<b>Dividend Expense</b>					
Experience	-	20,511	-	-	
Equity	-	71,317	-	-	
<b>Total Dividends Expense</b>	<b>-</b>	<b>91,828</b>	<b>-</b>	<b>-</b>	
<b>Total Operating Expense</b>	<b>6,505,011</b>	<b>5,208,654</b>	<b>5,139,161</b>	<b>6,054,158</b>	914,997
<b>Change in Net Position</b>	<b>\$ 214,355</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,340,229)</b>	

Contribution to Expense:                   **-123,000**                   **-1,463,229**

Increase Limit:                   265,454

Cyber Liability:                   17,438

Appraisal:                   79,000

**361,892**



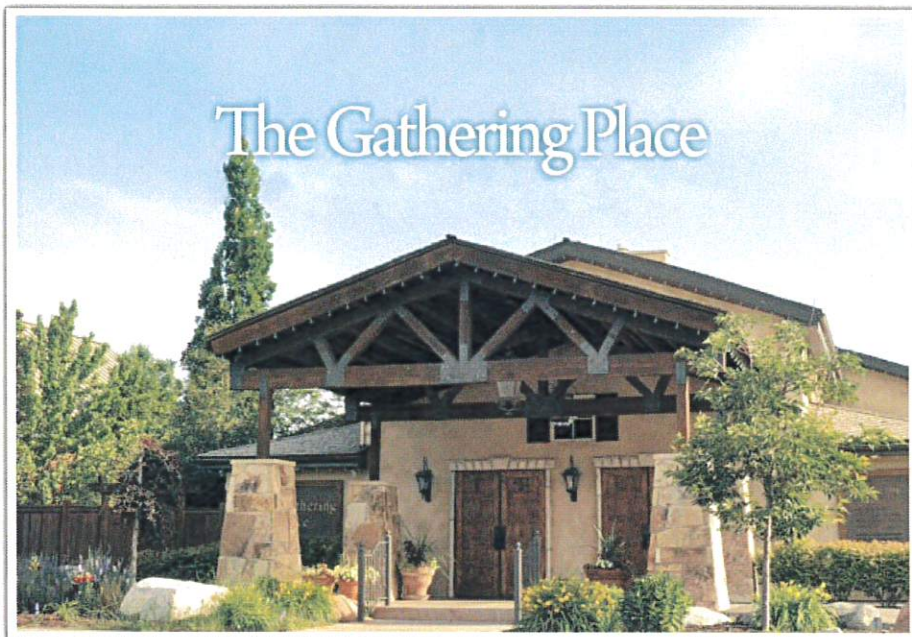


# FINANCIAL IMPACT OF COMPETITION

	<u>Contributions</u>	<u>Reinsurance Expense</u>	<u>Admin Budget</u>	<u>Loss Fund</u>
<b>Actuary</b>	\$6,600,000	\$1,680,000	\$1,256,000	\$3,664,000
		25.5%	19.0%	55.5%
<b>Approved</b>	\$6,267,180	\$1,680,000	\$1,256,000	\$3,331,180
	95.0%	26.8%	20.0%	53.2%
<b>Cadre</b>	\$261,373	\$70,064	\$52,382	\$145,102
	4.2%	4.2%	4.2%	4.0%
<b>Utah</b>	\$896,372	\$240,284	\$179,641	\$497,622
	14.3%	14.3%	14.3%	13.6%
<b>Tooele</b>	\$400,889	\$107,464	\$97,602	\$222,554
	6.4%	6.4%	7.8%	6.1%
<b>Lost</b>	\$1,558,634	\$417,812	\$329,625	\$865,278
	24.9%	24.9%	26.2%	23.6%
<b>2014 Actual</b>	\$4,615,272	\$1,458,516	\$1,221,254	\$1,935,502
	69.9%	31.6%	26.5%	41.9%
<b>Expected Losses</b>				
			<b>\$2,798,722</b>	
<b>Loss Fund Deficiency</b>				
			<b>\$863,220</b>	
<b>Use of Stabilization Fund</b>				
			<b>\$200,000</b>	
<b>Adjustment to Meet Loss Fund Needs</b>				
			<b>\$663,220</b>	<b>54.3% Reduction in Expense</b>
<b>Adjusted Admin Budget</b>				
			<b>\$758,034</b>	<b>37.9% Reduction in Admin Budget</b>







# DECEMBER 5 MEETING of the MEMBERS

## Utah Counties Indemnity Pool

All elected officials of member counties are encouraged to attend the annual membership meeting. This is your opportunity to hear from, and more importantly be heard by, your Board of Trustees on concerns or needs regarding the protection of county assets. Just as county officials need the input of their constituents to effectively determine and deliver services, the UCIP Board of Trustees need your input to assure that the UCIP Interlocal Agency is providing the services envisioned and needed by its members.

**Key Note:** Layne Gneiting



Please REGISTER online at either:

[Eventbrite](#)

[UCIP Website](#)



### LOCATION

Gardner Village  
1100 West 7800 South  
West Jordan

### AGENDA

**11:30 am**

Holiday Luncheon

**12:30-4:00 pm**

Key Note

Business Session

CEO Report

President's Report

Dividend Presentations

Service Awards

Election Results

### UCIP

PO Box 95730  
South Jordan, UT 84095

[ucip.utah.gov](http://ucip.utah.gov)

801-307-2113

[sonya@ucip.utah.gov](mailto:sonya@ucip.utah.gov)





SEP 20 2013

September 23, 2013

Johnnie R. Miller, CEO  
UCIP  
P.O. Box 95730  
South Jordan, UT 84095-0730

Dear Johnnie:

Tooele County has received your letter dated September 19, 2013 and has considered the offer of "early withdrawal" explained therein. The County appreciates the Board's offer but intends to transition on December 31, 2013 consistent with the resolution previously submitted to the Board.

Tooele County appreciates UCIP's consideration of the unique and challenging circumstances faced by the County, and the County will promptly notify UCIP if it reconsiders its decision to leave.

Sincerely,

Shawn Milne  
Tooele County Commissioner

J. Bruce Clegg  
Chairman

Jerry Hurst

Shawn Milne

Cheryl A. Adams  
Administrative Assistant

TOOELE COUNTY COMMISSION

47 S. Main Street, Tooele, UT 84074

[OFFICE] 435-843-3150 [FAX] 435-843-3400 [TOLL FREE] 866-704-3443 [www.co.tooele.ut.us](http://www.co.tooele.ut.us)



TOOELE COUNTY ATTORNEY'S OFFICE



Doug Hogan, County Attorney  
Gary K. Searle, Chief Deputy Attorney

Scott A. Broadhead, Deputy Attorney  
Robert L. Clegg, Deputy Attorney  
Scott Shields, Deputy Attorney

October 3, 2013

Johnnie Miller  
UCIP Executive Director  
10980 South Jordan Gateway  
South Jordan, UT 84095

SENT VIA EMAIL: [jmiller@ucip.utah.gov](mailto:jmiller@ucip.utah.gov)

Re: Tooele County Health Department Resolution

Dear Johnnie:

The Tooele County Board of Health adopted a resolution terminating membership in UCIP and ratifying Tooele County Resolution 2013-16 that was previously provided to UCIP. A copy of this resolution is attached.

It was the County's intent that Resolution 2013-16 would provide notice of termination with respect to all County entities; however, in an effort to ensure that there is no misunderstanding, this letter and resolution have been provided.

Please let us know if there are any outstanding issues or concerns regarding the County's exit that need to be discussed before the end of the year.

Respectfully,

Doug Hogan  
Tooele County Attorney

Attachment: Health Department Resolution

cc: Myron Bateman  
County Commission



A RESOLUTION TERMINATING MEMBERSHIP IN UCIP (UTAH COUNTIES INDEMNITY POOL) and Ratifying Tooele County Resolution 2013-16, Terminating Membership in UCIP

WHEREAS, the Tooele County Health Department is required to provide UCIP with written notice, in the form of a resolution, of its intent to terminate membership in UCIP.

NOW, THEREFORE, BE IT RESOLVED BY THE TOOELE COUNTY BOARD OF HEALTH that Tooele County Health Department intends to terminate its membership in the Utah Counties Indemnity Pool ("UCIP") on December 31, 2013 and Ratifies Tooele County Resolution 2013-16, Terminating Membership in UCIP.

DATED this 24<sup>th</sup> day of September 2013.

IN WITNESS WHEREOF, the Tooele County Board of Health has passed, approved and adopted this regulation this 24<sup>th</sup> day of September, 2013.

ATTEST:

TOOELE COUNTY BOARD OF HEALTH

A handwritten signature in cursive script, appearing to read "Myron E. Bateman", written over a horizontal line.

MYRON E. BATEMAN

Health Officer

A handwritten signature in cursive script, appearing to read "Kathy Taylor", written over a horizontal line.

KATHY TAYLOR

Chairperson